

How many SPB conversions will be allowed to a member?

The SPB law allows one SPB conversion per retired member per lifetime. This is an optional benefit and can be elected at any time during a member's retirement.

Does the one SPB lifetime benefit conversion apply to retired/rehired/retired members also?

Yes! One SPB benefit conversion per member, per lifetime. Multiple retirements do not create additional options.

How does a member calculate the cost vs. the benefit of a SPB purchase?

SDRS has established a Supplemental Pension Benefit Calculator, which is located on the SDRS website.

Please go to: www.sdrs.sd.gov

Click on: Retirement Planning

Click on: Supplemental Pension Benefit

Click on: SPB Calculator

The SPB calculator is a planning tool that a member can use to estimate the amount of a SPB monthly benefit based on the amount of money the member would transfer from the member's SRP and/or SPP account.

Is the SPB protected for inflation?

The supplemental pension participant shall receive an annual Cost of Living Adjustment as established in SDCL 3-12-47(41) for each year commencing on the July first following the date on which the benefit was first payable. If the first annual increase is for a period of less than twelve months, the initial increase shall be prorated.

The annual increase allowed by SDCL 3-12-47(41) is equal to 3.1 percent compounded annually.

When will the monthly SPB benefit be paid?

Payment to the participant will follow the same payment methodology established for the SDRS monthly retirement benefit in that payment will be made on the 15th of each month. If the 15th falls on a Saturday or Sunday, then the payment will be made on the prior business day.

How do I start a SPB?

To participate in the SPB program or to obtain any additional information, please contact the SDRS office. Upon your request an SPB application form and the necessary SRP/SPP supplemental election forms will be sent to you.

After a member has entered into the SPB agreement/contract, can the member later elect to terminate the agreement/contract and request a refund of any remaining contributions?

No. The SPB agreement is an irrevocable agreement and the provisions of the agreement will remain unchanged for the lifetime of the agreement.

Members are cautioned to make sure they have adequate savings before committing all their SRP and/or SPP funds to this benefit.

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South Dakota Retirement System Supplemental Pension Benefit

Frequently Asked Questions



Supplemental Pension Benefit (SPB)

Who can participate?

Any retiree receiving an SDRS monthly retirement benefit who has at least \$10,000 dollars in his/her Supplemental Retirement Plan (SRP) or the Special Pay Plan (SPP) can choose to convert the funds into a supplemental pension benefit (SPB) pursuant to the provisions of SDCL Chapter 3-12.

What is the minimum amount of SRP/SPP funds needed to purchase a SPB?

The minimum amount is \$10,000.

Is a member required to have an SDRS monthly retirement benefit started before the member can elect the SPB option?

(Example – if a terminated member is normal retirement age, but has not started a retirement benefit, can the member start the SPB?)

The member must start an SDRS retirement benefit before the member can choose to participate in the SPB.

Is a Class A member who has retired and returned to Class A work eligible to establish a SPB?

No, not while employed. IRS law will not allow a transfer of 457 funds unless the member is in termination status.

Is a member who has retired under Class B service and has returned to active employment as a Class A member eligible to start a SPB?

No, not while employed. IRS law will not allow a transfer of 457 funds unless the member is in termination status.

Will a member be required to enter an agreement (contract) to participate in the SPB?

Yes! A member will be required to enter into an irrevocable agreement with SDRS in order to establish a lifetime monthly SPB.

Will a member be able to choose between a single-life SPB option and a joint/survivor SPB option?

No. By SPB law, if a member is married at the time of the SPB agreement, the member will only be permitted to obtain a joint/survivor SPB. If the member is single at the time of the agreement, the member will only be permitted to obtain a single-life SPB.

ARSD 62:01:09:03 states: A participant who is married at the time that the participant contracts for a supplemental pension benefit shall provide a copy of the participant's marriage license to the system. A participant who is not married at the time of contract shall certify the participant's single marital status to the system.

When a married member participates in the SPB – Joint/Survivor Option – and then the member's spouse dies before the member, does the SPB benefit payment change to a Single-life option?

No. The SPB agreement is an irrevocable agreement and the provisions of the agreement will remain unchanged for the lifetime of the agreement.

If a member is married at the start of the SPB benefits and later remarries, will the second spouse be entitled to the SPB joint/survivor benefit?

No. Only a spouse that is married to the member at the time the member enters into the SPB agreement and is still married to the member at the time of death is eligible for the joint/survivor benefit.

When a member elects to participate in the SPB program is the member required to name a beneficiary in the event of death?

There is a separate SPB beneficiary form (SDRS Form SPB-2) that must be completed and submitted with the member's SPB application for participation.

The member can change the beneficiary designation any time during the course of the lifetime agreement.

The SDRS Form SPB-2 will advise the member that payment of the SDRS SPB will cease upon the death of the Participant or the death of a surviving spouse, if applicable. If, at the time of death of the Participant or the surviving spouse, the total monthly supplemental pension benefits paid-to-date is less than the amount of the Participant's single premium, the difference between the total benefits paid and the single premium shall be disbursed in a lump-sum as follows:

To the individual(s) or entity designated on the Participant's SPB beneficiary designation;

If no individual or entity is designated, then to all surviving children of the Participant, regardless of age, on a share-alike basis, or;

If no individual or entity is designated and there are no surviving children, then to the Participant's estate.

How will the start date of the SPB be determined?

The law states that the initial monthly supplemental pension benefit becomes payable the first day of the first month after the contract goes into effect. Payment of any prior and current supplemental benefits shall be made within two months after the contract is in effect.

How will the monthly SPB benefit be paid?

To participate in the SDRS-SPB program a member must sign up for electronic direct deposit. Electronic direct deposit guarantees that the supplemental pension benefit is available sooner, eliminates the danger of lost and delayed checks, and provides SDRS with a cost effective mechanism to track benefit payments.

When an SPB is established, SDRS will request that the member prepare an SDRS Form B-6 (Authorization for Direct Deposit of Benefit Payments), which SDRS will use to set the SPB account up for payment.